

Chapter 7 Economic Development and Tourism



Vision

Talbot County Maryland is known as the a premier location modern business enterprises. The County has clean, safe communities that boast strong, balanced economies. The successful food product industries co-exist with environmentally friendly technology companies, light manufacturing, tourism and service industries.

Economic activities are centered on water, sewer, transportation, technology and other infrastructure necessary to serve commercial and industrial needs. Living wage jobs are abundant, providing families with opportunities to attain a comfortable living standard. The average wage and wealth equivalent is comparable to the rest of Maryland. High quality job training and education for adults and young people enables them to find work and careers in our area.

The County's unspoiled rural character, vibrant towns and sparkling shorelines support a healthy tourism industry. Water quality in our bays, rivers and streams draws tourists to experience the robust populations of crab, fish, and other wildlife.

The County has benefited from a renewed interest in heritage tourism. The towns have attractive historic districts and profitable merchants. Arts-based cottage industries have continued to prosper and enjoy support from the local residents and visitors alike.

Residents and elected officials are actively engaged in proactive, innovative efforts to maintain their quality of life and determine their future. Successful economic development creates more local job opportunities and sustains the quality of life in the County. A diversified and expanded tax base contributes valuable funds to provide public services and facilities for our residents.

Goal

To diversify and expand the County's economic base to provide a broad range of employment opportunities, resulting in a strong tax base.

Introduction

Talbot County’s location, rural character and personality form a framework of assets to support economic growth and continued diversification. Talbot County offers a superior quality of life with abundant recreation, cultural and social opportunities that belie its rural setting. The County’s existing commercial centers are located in proximity to the incorporated Towns of Easton and St. Michaels. Very little undeveloped land is zoned for commercial growth outside the County’s incorporated towns.

Economic development can, among other things, contribute to a tax base that will help sustain the County’s prosperity. A stronger tax base enables a community to support a higher *quality of life* through reinvestment into community services and amenities.

Economic Development

Economic Sectors

2010 Census statistics reviewed in Chapter 1 (Background) reveal that the service industry remains the largest business sector in the County. Education and Health Services employ about 20% of the non-governmental workforce, followed closely by trade, transportation and utilities.

Between 1990 and 2000, the service industry created the largest number of new jobs, many in restaurants and accommodations. The Maryland Department of Labor reports that low skilled service occupations have the highest expected demand for employees with about one third of all workers needed. High Skilled professionals comprise another 20

Since its colonial founding, Talbot County’s economic base has transitioned from agriculture and maritime industries to a predominantly service sector economy. Tourism was already a significant source of revenue for the county by the late 1800s.

percent of projected demand (See infographic on page 1-7 for complete list).

Talbot County’s workforce is largely drawn from the Eastern Shore. In 1990, 12,524 County residents (67% of the workforce) were employed locally. In 2000, that number had dropped to 12,194, representing 62% of the workforce. Workforce statistics from the 2010 have not been released .

Inbound commuters generally account for 38% of the County workforce. Most commute from nearby , with over half coming from surrounding Upper Eastern shore counties.

Residents traveling out of the County for employment increased from 3,083 in 1990, to 3,836 in 2000. In 2000 18% reported traveling to the Baltimore region, and 22% commuted to workplaces in the Lower Eastern Shore.

The proportions of the County workforce remaining in and commuting out of county remains consistent in 2010 American Community Survey estimates (see table below).

Although the County has traditionally had lower unemployment than other areas of the State, many of the County’s residents are

Labor Force Working In and Outside
Talbot County, 1990–2010

	1990	2000	2010 est.
Live and work in County	12,524	12,194	13,071
Live in and work out of County	3,083	3,836	3,863

under-employed. Many jobs in tourism, retail sales and services do not pay high wages.

Traditional Industries

Talbot County's agricultural industry remains a significant component of its economic base. In 2012 Census of Agriculture the total market value of products sold was reported at \$85.7 million. The major products were poultry, and grains. Talbot was the sixth ranked producer of grain crops in the state and the seventh ranked producer of chicken. The sales figure represents a 77% increase from the 2007 census figure of \$50.5 million.

While the gross sales of agricultural industries is one measurement of the impact of agriculture on the economy, industries that are linked to agriculture give a more complete picture of its economic impact. "Backward-linked" industries are all of those that the agriculture industry supports through purchases. These industries include fuel, fertilizer, machinery repair, feed and many others. "Forward linked" industries purchase agricultural commodities and in some way, add value to them through packaging and/or processing. Backward and forward linked industries contributed more than \$165 million to the local economy in the 2007 Census.

The seafood industry also plays a role on the local economy, though financial statistics are harder to come by. What is known is that there are twelve seafood processing facilities in Talbot County. One operator is also listed as a food manufacturing facility.

Independent watermen, oyster hatcheries and retail markets are also components of the non-tourism segment of the local economy.

Economic Development Planning Partners

The Talbot County Office of Economic Development (OED) was established in 1994.

Its traditional focus has been the retention and expansion of existing businesses with additional efforts in assisting new business start-ups and a reactive stance toward the relocation of businesses from outside the County.

More recently the OED has positioned the County to become proactive in the recruitment of targeted businesses. The "Environmental Peninsula" (EP) is an effort spearheaded by Talbot County to create a cluster of environmental businesses on the Eastern Shore of Maryland. The EP concept has gained the support of counties throughout the region as well as from the Maryland Department of Business & Economic Development (DBED); the Mid Shore Regional Council; the Chesapeake Bay Region Technical Center of Excellence; and from all of the government research and post-secondary educational institutions on the Eastern Shore.

Services offered by the OED include access to financial assistance programs; education and training programs; regulatory assistance; statistical and demographic information; an inventory of available sites and buildings; and, assistance with information on housing, finance, zoning, and licensing. Additionally, the OED has formed partnerships with local, regional, State and Federal governments, as well as with education and workforce development organizations.

The Talbot County Chamber of Commerce offers assistance to local businesses trying to expand in the community through programs such as the Service Corp of Retired Executives (SCORE).

The Town of Easton has recently established a new economic development position that is designed to focus on the Easton Town Center, but will also work with the OED on various initiatives.

A Bed Accommodation Tax is collected from hotel, motel, bed and breakfast, country inns, and vacation rentals throughout Talbot County. The collections are returned to the municipalities that collected the taxes less a minimal fee. Taxes collected in non-chartered jurisdictions remain with the County government and are used to support the Talbot County Office of Tourism and Department of Development.

Planning Initiatives

In 2008, the Talbot County Economic Development Commission compiled a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis that detailed the county's local economic conditions. Included with the analysis were suggested actions the community could take to capitalize or counter the findings. Recommendations included developing initiatives aimed at agricultural expansion, tourism, education, job creation and workforce development. Opportunities were also seen to expand the County's commercial base, recruit Federal entities, improve the transportation infrastructure and reverse threatening trends including the loss of businesses.

In 2010, the OED completed an economic analysis based on currently available Census information. The report provided comprehensive information regarding the county's major industries, demographics, labor force, employment, wages, business

environment, housing, education system, tax base, land use, and development environment. It also provided information concerning the community's major employers.

In 2011, the County Economic Development Commission completed a land use recommendation report, which discussed land use in the County, described limitations to industrial growth and development and identified parcels of land available for future industrial use. The report also underscored

the lack of dedicated industrial land and infrastructure necessary to develop technology-based businesses and higher wage jobs. It pointed out that the statewide average for commercial tax revenues is 19

percent while just 10 percent of Talbot County tax revenues are retained from commercial businesses.

2012 Talbot County Economic Development Strategic Plan

The Talbot County Office of Economic Development contracted Sage Policy Group, Inc. to develop a long-term Economic Development Strategic Plan for Talbot County and its towns and villages. Its purpose is to "Help guide future management, prioritization and allocation of resources for the development of infrastructure to support a viable tax base for the County and Towns."

The study team interviewed stakeholders representing every community, reviewed strategic planning and reports such as those



noted above and analyzed local data. The authors observed that previous plans present inconsistent visions, while the latest plan strives to develop a consistent and mutually agreeable direction for economic development.

An economic analysis concluded that more than 77 percent of businesses in Talbot County are classified as micro-enterprises (up to 9 employees) and represent roughly 22 percent of total employment. Another 14.4 percent are considered small businesses (between 10 and 24 employees) comprising and additional 21 percent of county employment.

The study identified several areas of economic development opportunity, including:

- Embracing the County's role as senior living/retirement community. Health services represent an opportunity for economic growth and County remains an attractive retirement destination with a significant healthcare infrastructure. Higher demand for senior-related services would create more middle-wage and entry level jobs in the community.
- Building on the County's diverse base of manufacturing companies. The study team believes that the County should focus on attracting more high-tech manufacturing companies, particularly those that develop environmental or renewable energy technologies.
- Attracting management and technical consulting services and business support services. These type of businesses tend to

support high-wage jobs and could make the County more attractive to other firms who will be able to take advantage of such services.

- Supporting financial advisory and insurance services. These establishments and agencies represent a particularly important opportunity for Talbot County, owing to an ongoing demand for services on the part of businesses, residents and families. These segments are associated with high wages and create a range of job opportunities.



- Development at Easton Airport as a source of economic opportunity for Talbot County. The airport could provide substantial value-added service to corporate and other citizens. At 654 acres, the airport has a

considerable amount of developable land.

Economic development challenges were identified in the key inputs of labor, physical capital and land. The county's industrial/commercial base is small and the number of firms has fallen sharply relative to other communities in recent years. The study suggested that zoning and other regulatory restrictions may be impediments to business creation and expansion.

Recommendations were outlined to address the identified challenges. Implementation guidelines were provided for each recommendation. Sage evaluated Primary Funding Areas (PFAs) in the County and determined that current PFAs are consistent

with long-term community economic development objectives.

Among the findings, the study team recommended that Talbot County:

- 1) Consider becoming more business friendly, by improving government customer service and reviewing existing regulations; as well as initiating greater contact with entrepreneurs and major employers.
- 2) Aggressively pursue target industries for retention and attraction by creating new resources for economic development. Potential services include start-up advice and training, financial assistance, business location and site selection assistance and employee recruitment and training assistance.
- 3) Modify qualifications of the real property tax credit to provide the Office of Economic Development with greater flexibility and opportunity to use it, as well as lowering the threshold to \$1 million invested and 15 employees hired in order to receive the credit.
- 4) Increase the amount of strategically-situated industrial & commercially-zoned land in Talbot County, including in larger towns; several properties were identified & prioritized.

Tourism

Tourism has a complex role in the local economy, providing direct economic benefits plus the economic rationale for preserving a high percentage of County land in farms and open space.

While traditional industries like the restaurant or boating industry in the county have long benefited from the tourism economy, the focus in recent years has been on the development and growth of Heritage and Nature-based tourism (eco-tourism) opportunities. The County's most unique

characteristics including its abundant historic and cultural resources, its 600 plus miles of shoreline, its towns, villages and its largely *rural character* provide the qualities that create a premier destination for visitors seeking an authentic experience.

Agriculture serves a dual role in economic development, generating revenue to the County as well as serving as a basis for preservation of a particular quality of life. The farms, open space and shoreline are important to the County's image throughout Maryland and the nation as place to live and visit. To maintain its allure agriculture must remain viable and maintain significant acreage in farmland and low density development.

Tourism is a major economic driver in Talbot County. The 2013 Report *The Economic Impact of Tourism in Maryland*, compiles some recent statistics Talbot County tourism:

- The number of visitors increased by 9 percent from 2008 to 2012, with the steadiest gains in day visits;
- Annual tourism revenues grew to over \$170.2 million in 2012, from \$157 million in 2008; and
- Hotel tax receipts were over \$1 million in each of the five years, other State and local tax receipts stayed over \$21 million;
- Tourism generates over 13 percent of labor income at \$55.9 million dollars and 13.8 percent of all employment with 1,760 jobs.

The Office of Tourism's mission is to bring people to Talbot County to enjoy its vast beauty here and to visit local shops, restaurants and hotels.

The mission of the Talbot County Office of Tourism is to:

Serve as Talbot County's official destination

marketing organization (DMO), promoting attractions, accommodations and services;

- Provide residents and visitors with information and services to ensure a positive experience; and
- Position Talbot County as a premier travel destination.

The Office of Tourism continues support a combined effort all the County's towns to present a cohesive visitor experience. Tourism strives to offer state-of-the-art digital marketing and web presence, combined with strategically targeted advertising and public relations.



Scenic Byways

Tourism also cooperates with other county tourism offices in the region to promote the midshore region to vacationers from around the world. One such collaborative project is a bid to connect the midshore area to a National Scenic Byway. Talbot, Dorchester and Caroline Counties, in partnership with the Maryland Office of Tourism Development developed a Corridor Management Plan (CMP) to be included in an expansion of the Chesapeake Country National Scenic Byway. The project lays out the remaining portion of the state-designated Byway and paves the way for a national designation covering the entire Eastern Shore.

The purpose of the CMP is to help the counties and their agency partners to protect

and promote the rich natural and cultural resources found throughout the Byway corridor and to implement strategies for sustainable tourism development based on that heritage. The byway will benefit the area communities by supporting regional collaboration, enhancing the capacities of groups and agencies involved in the project, and creating new economic opportunities

from tourism in the region.

The Michener's Chesapeake Country Scenic Byway Corridor Management Plan has been adopted by reference as an amendment to the County Comprehensive Plan. The plan describes the goals, strategies and

responsibilities for conserving and enhancing the byway's unique qualities. It includes both a long-term vision for what the byway may become over time as well as a short-term action plan. The management plan is required in order to apply for national designation through the America's Byways program.

In order to generate economic value for the Talbot County communities through which the Byway passes, it is important to maintain the character defining features that are attractive to potential visitors. The Byway Plan is consistent with Talbot's tradition of land stewardship, resource conservation and historic preservation and the conservation and preservation policies already in place.

Topic	Citation	Policy	Action
Economic Development		The County will continue to provide active support for existing Talbot County businesses.	
		The County should maintain and enhance current efforts to attract and recruit new businesses that are desirable for the region.	Done: The Office of Economic Development will focus its attention on the attraction of businesses offering better salary opportunities for a greater number of residents.
		The County will continue to support the Office of Economic Development in its efforts to retain and/or expand existing businesses within the County and to market the Mid-Shore Region as a premier location for a broad range of innovative businesses which will accentuate and capitalize upon the area's assets while preserving its rural character.	
Tourism		The County should continue to encourage and promote actions by the tourism industry.	Done: Encourage actions to portray Talbot County's history, culture, natural environment and scenic beauty. To do: The tourism industry should consider broadening the range of available interpretive and educational programs to enhance understanding and use of the County and its resources by residents and visitors.
		The County should encourage increased cooperation among public and private organizations that interpret resources and publicize and promote tourism and accomplish these goals via partnerships among local and regional leaders, non-profit organizations, businesses, and State agencies.	